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Time Inc. Says 1972 Net Slipped Only 2½% Despite Folding of Life; Operating Net Up

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NEW YORK—Time Inc. expects to report operating earnings increased about 11% in 1972 and net income declined only about 2½%, despite costs related to the closing of Life magazine, Andrew Heiskell, chairman and chief executive, said in an interview.

Based on preliminary unaudited figures, he said, Time Inc. expects to report 1972 operating earnings of about \$28.8 million, or \$3.95 a share, up from restated operating earnings of \$26 million, or \$3.57 a share, for 1971. Earnings from operations for both 1972 and 1971 have been restated, Mr. Heiskell said, to reflect discontinuance of Life magazine last month and costs incurred in excess of market prices for paper for the printing of Life purchased from St. Francisville Paper Co., a joint venture Time Inc. had with Crown Zellerbach Corp.

The loss represented by these discontinued operattions is estimated at \$3.5 million after taxes during 1972. This is compared with a 1971 loss of \$3.4 million after taxes incurred from Life and the St. Francisville operation.

Net income for 1972 declined slightly to \$22.7 million, or \$3.11 a share, from \$23.3 million, or \$3.20 a share, Mr. Heiskell estimated. The 1971 net income, while contained in a restated report, is the same as the net income figure reported earlier.

Mr. Heiskell also said that Time Inc. expects to report its 1972 revenue rose to about \$510 million from a restated \$463.9 million.

The 1971 revenue figures have been restated to take into account revenue applicable to Life and to the sale last year of several television and radio stations.

Before being restated, 1971 revenue was reported as \$606.8 million.

Mr. Heiskell said he was disclosing Time's earnings as soon as he could in view of widespread curiosity over what effect the closing of Life and related actions would have on the company. He was accompanied at the interview by James R. Shepley, president, and by Richard B. McKeough, vice president, finance, and treasurer.

Mr. Heiskell said: "The closing of Life and the sale of our interest in St. Francisville significantly strengthen Time Inc.'s profitability. In 1973 we look forward to a strong corporate performance, due particularly to an expected continued improvement by our magazine group."

Mr. Heiskell said there have been improvements in advertising-page volume on both Time magazine and Sports Illustrated so far in the first period. There have also been some rate increases on both magazines, he added.

At the time that Life's closing was announced last month, Mr. Heiskell said the company would establish two extraordinary reserves, one of about \$7 million after taxes to cover the 1972 cost of suspending the magazine and one of about \$9.7 million after taxes in connection with losses involved in the operation and sale of the company's interest in St. Francisville.

In his interview yesterday, which followed a directors meeting, Mr. Heiskell said Time Inc. had extraordinary losses of about \$2.6 million for all 1972, compared with an extraordinary gain of \$700,000 for 1971. The 1972 extraordinay losses resulted primarily from the cost of suspending Life (\$8.3 million after taxes), sale of the interest in St. Francisville (\$9.9 million after taxes) and write-downs on an investment in Metro-Goldwyn-Mayer Inc. to market value (\$7.3 million after taxes).

These charges, he said, were partially offset by capital gains of \$26.5 million after taxes from sale of the broadcasting properties.

The major contributors to 1972 operating gains, Mr. Heiskell said, were Time, Sports Illustrated and Eastex Inc., Time's pulp and paperboard company in Eastern Texas.